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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001209

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SUBJECT: KMT PRESIDENTIAL CANDIDATE MA YING-JEOU ON LOCAL POLITICS

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) Summary: KMT presidential nominee Ma Ying-jeou, in his May 31 meeting with the AIT Director, charged that President Chen and his DPP are focusing on symbolic politics at the expense of Taiwan's economy and other "practical" concerns. He also characterized his DPP presidential opponent Frank Hsieh as "crafty," so that tying Hsieh to Chen's failures would not be enough to beat him. Ma insisted that KMT moves to revise its charter are not intended to "abandon" the goal of unification, but to increase the party's attractiveness to moderate voters who identify with Taiwan consciousness. Noting his experience in dealing with the "arrogance" and "inflexibility" of the "Communists" in Beijing, Ma told the Director that he did not expect special treatment from Beijing if elected to the presidency. He also claimed the KMT would be willing to compromise on the Central Election Commission (CEC) if it would help break the deadlock with the 2007 budget. The Director advised Ma that he would receive a much warmer welcome in the U.S. if the KMT moves to pass the defense budget before the end of this legislative session. End summary.

DPP Anti-Chiang Campaign is Symbolism Over Substance

¶2. (C) KMT presidential nominee Ma Ying-jeou and his chief foreign policy advisor, KMT legislator Su Chi, met with the Director and Deputy Director at Ma's campaign headquarters on May 31. The Director asked Ma whether the DPP's recent campaign to convert Taipei's Chiang Kai-shek Memorial into the "Taiwan Democracy Memorial" would affect the presidential race, and whether Ma approved of KMT Taipei Mayor Hau Long-bin's response. Ma responded that the DPP often creates these kinds of divisive campaign issues to excite its deep-Green base, but this time erred by not anticipating a strong response from the city government. According to Ma, the Chiang Memorial is governed by statute, and any attempt to change its name must first be approved by the Legislative Yuan (LY). Mayor Hau and his Director of Cultural Affairs Lee Yung-ping were correct to refuse President Chen's high-handed attempt to change the name by fiat, Ma continued, and if Ma were still mayor, he would have done the same thing. Ma said he and the KMT intend to use the incident to remind voters of Chen's tendency to focus on symbolic issues, versus Ma's concentration on practical matters like improving

Taiwan's educational system and economy.

Proposed KMT Charter Change Doesn't Abandon Unification

¶3. (C) The Director asked Ma whether he supported the proposal to change the KMT charter to emphasize "Taiwan-centered values." (Note: The proposal would add "Taiwan" to the charter's general principles, and in one article replace the goal of "national unification" with "peaceful development of the nation." Despite press reports to the contrary, the change would not eliminate "unification" from the charter. End note.) Ma responded that the proposed change would not alter the KMT dramatically, but was necessary to broaden the appeal of the party to those who identify themselves as "Taiwanese" first. Ma added that, because the proposed changes do not forsake unification with China, he did not expect a strong negative reaction from the party's "old guard."

PRC Won't Bend for Ma

¶4. (C) The Director expressed hope that the PRC would be more willing to work with Taiwan's next president than it had been with President Chen, but expressed serious doubts about that possibility. The PRC has become increasingly unwilling to compromise, even with the U.S., as its political and economic power has grown, the Director continued, and Ma should not assume Beijing's cooperation if he becomes president. As Taipei Mayor, Ma responded, he had "many experiences dealing with the Communists," who were often "arrogant" and "obstructionist." So, he expected no special favors from Beijing. Taiwan, however, must work to preserve its

TAIPEI 00001209 002 OF 003

international living space, Ma argued, which is why he favors reaching a pragmatic "modus vivendi" with Beijing on Taiwan's international position.

Breakthrough on the CEC, Budget?

¶5. (C) Noting the prolonged LY deadlock over the Central Election Commission (CEC), the Director asked Ma what kind of compromise the KMT might be willing to accept. Ma argued that the current CEC regulation must be replaced by a statute designed to prevent one party from dominating the CEC as the DPP does now. Even though referenda have been abused in Taiwan, Ma said, the KMT would be willing to accept a lower threshold for holding them if that would help break the legislative impasse. Although the KMT is not feeling any pressure from voters to pass the budget, he continued, the budget should be passed as a matter of principle. (Note: Ma seemed unaware of a reported DPP-KMT compromise on the CEC issue reached on May 30, under which the pan-Green and pan-Blue would each nominate 7 of the CEC's 17 seats, while the Premier and LY Speaker would choose the remaining three members from among opinion leaders not affiliated with any political party. This compromise could, if the party caucuses concur, pave the way for passage of the annual budget, including long-stalled defense procurement funding. End note.)

Using Chen Against Hsieh Won't Work

¶6. (C) The Director remarked that President Chen had become increasingly outspoken in recent weeks, promoting a deep-Green agenda that runs counter to DPP presidential candidate Frank Hsieh's (Chang-ting) efforts to appear as a moderate. Ma told the Director that Hsieh had "always" tried to distance himself from President Chen, and that Hsieh would continue this strategy during his presidential campaign. Ma said his own campaign would try to equate a vote for Hsieh to four more years of Chen-style government, though he

acknowledged that this strategy might not work against an opponent as crafty as Hsieh.

No Ma-Wang Ticket

¶7. (C) The Director noted that LY Speaker Wang Jin-pyng had recently hinted that he might join Ma as his vice-presidential running mate, and asked Ma whether party leaders had been pressuring Wang to do so "for the good of the party." Asked whether he and Wang could get work together, Ma laughed wryly and said "We'd have to!" Ma said that he would consult a Vice President Wang on "major policy issues," but did not elaborate. Ma told the Director he would be meeting with Wang that afternoon (May 31) to decide the matter. (Note: Late Thursday, following his meeting with Ma, Wang announced that he would not join Ma as his running mate, but would continue to cooperate with Ma in the future. Ma told the press he respected Wang's decision, and would begin his search for another running mate. End note.)

Pass the Defense Budget Before U.S. Visit

¶8. (C) Ma confirmed to the Director his intention to visit the U.S. after his formal nomination by the KMT Central Committee on June 26. Ma would find a much warmer welcome in Washington, the Director suggested, if the KMT and DPP were able to cooperate and pass the annual budget, including the defense budget, before the current LY session ends on June ¶15. Ma responded that resolution of the CEC stalemate was probably a prerequisite to passage of the budget.

Comment

¶9. (C) Ma seemed particularly unfocused on campaign issues during our meeting, perhaps preoccupied with the struggle to convince Wang Jin-pyng to be his running partner, a struggle that was to end unsuccessfully later that day. Nor did he

TAIPEI 00001209 003 OF 003

seem up-to-speed on the LY's agenda. We continue to hear private complaints from KMT activists that Ma's indecisive leadership is a campaign liability. Though there is no real KMT alternative to Ma in next year's presidential election, these are all inauspicious signs at this early stage in what looks to be a very hotly-contested race.

YOUNG